Regional Product Standardization

“The Big Picture”

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Objectives

- Review the Focus & Basics of the Product Standardization Program
- Highlight—
  - Products Standardized
  - Cost Avoidance Achieved
  - Prime Vendor Program
  - Medical Facility Compliance
  - VA Partnerships

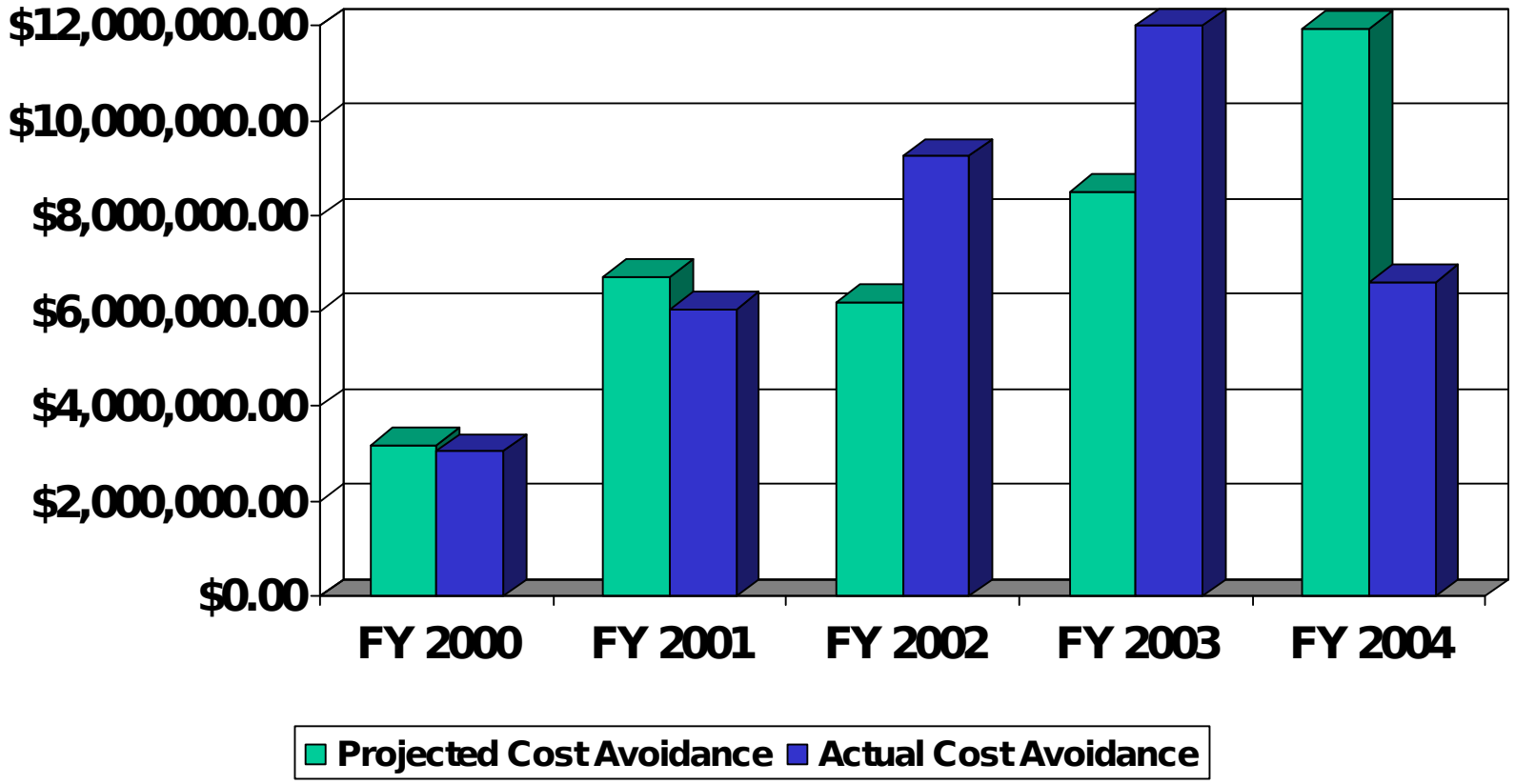
Focus of Program

- **To Maximize Cost Avoidance Savings to MTFs Through a Clinically Driven Process**
- **To Standardize High-Volume, Common Use Med-Surg Products and Equipment at Committed Volume Prices**
- **To Facilitate Effective Implementation of Standardized Products at Our Regional Activities**
- **To Foster Effective Use of DOD Prime Vendor and ECAT (MFR Direct) Distribution Programs**
- **To Seek Joint Regional and VA Partnership Projects**

Program Highlights

- **Initiated in Aug 1999 Based on OSD (HA) Policy**
- **Implemented Regional Standardization Program under Lead Agencies with Army as Executive Agent**
- **Each Region Determines Its Own Priority of Effort and Clinically Preferred Products**
- **Voluntary In Nature- But Command Encouraged**
- **Contract Supported by Anteon Corp at Nine Tri-Service Regional Business Offices (TRBOs)**
- **Centrally Funded Except for TDY Costs and Admin Support (Office space, computers, etc.)**

Program Cost Avoidance Projections and Actual Results from FY 2000 Forward



Top Ten DoD Product Groups

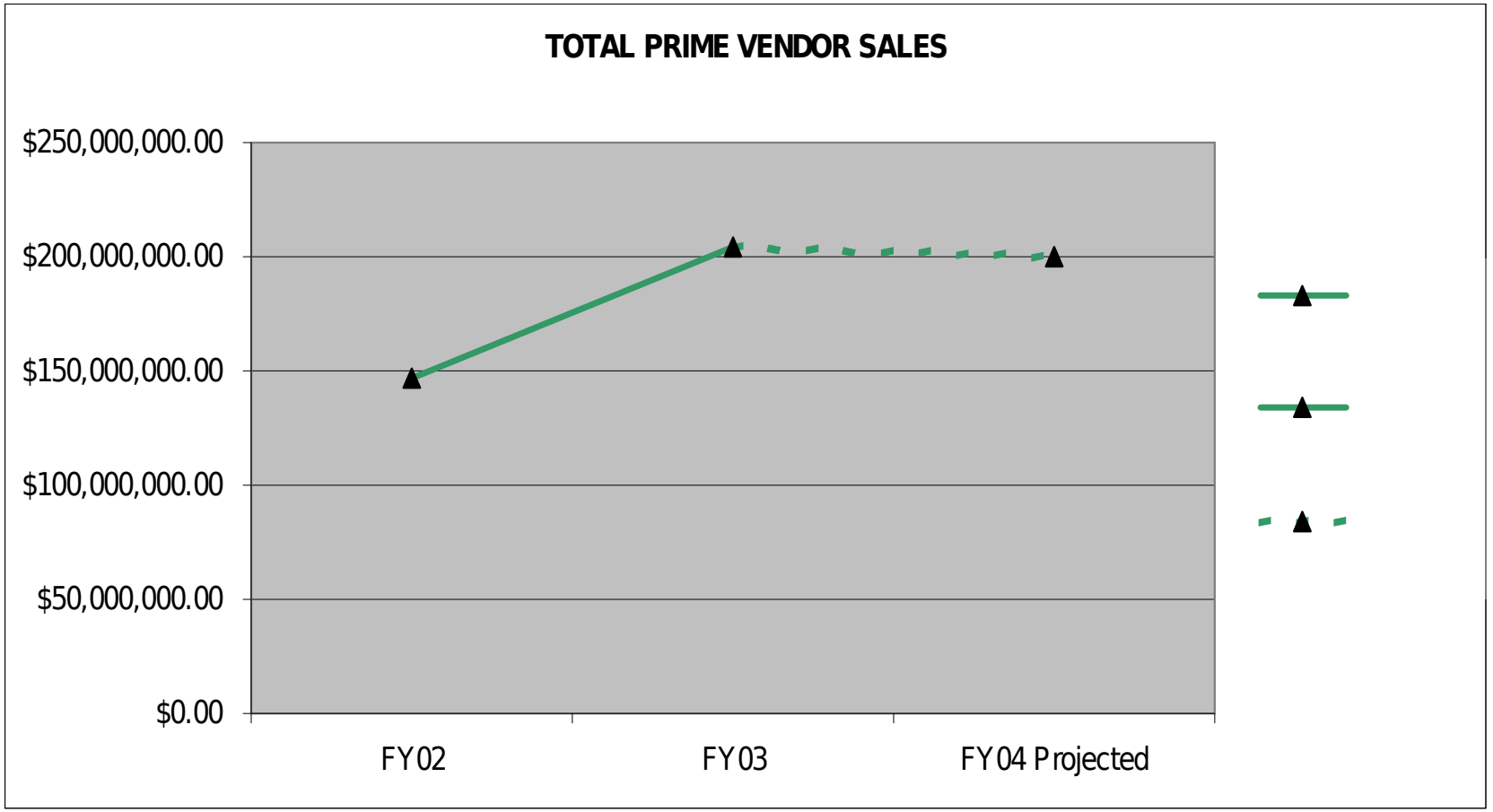
Product Groups	Projected Cost Avoidance	Actual Cost Avoidance
Exam Gloves	$3,430,749.71	$3,339,252.99
Surgeon's Gloves	$2,906,646.13	$3,053,828.39
Endoscopy Supplies	$2,705,469.80	$2,817,530.81
Custom Surgical Packs	$2,090,527.30	$2,260,166.91
Sutures	$1,786,849.12	$2,059,714.75
IV Solutions, Tubing, Accessories	$1,501,429.89	$1,642,977.13
IV Administration Sets and Supplies	$1,192,808.54	$1,206,122.48
Basic Wound Care	$1,385,517.69	$1,151,288.84
Drapes and Gowns	$1,114,623.71	$1,062,325.46
Needles and Syringes	$1,185,533.75	$1,061,463.63
Additional 95 Product Groups	$10,272,043.90	$10,794,995.12
Totals	**$29,572,199.54**	**$30,449,666.51**

These figures represent Cost Avoidance from the beginning of the program through the 2nd quarter of FY2004.

Program Cost Avoidance, Fiscal Year 2004

Regions	Fiscal Year 2004						Fiscal Years 00 to 1st qtr 04
	Target	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
1	$1,517,080	$536,872	$554,777			$1,091,649	$6,505,744
2	1,220,901	315,048	312,980			628,028	$3,030,465
3,4	2,207,190	517,911	517,911			1,035,822	$5,178,617
5	399,603	88,862	128,131			216,993	$1,061,797
6,7,8	4,101,411	1,059,850	1,027,582			2,087,432	$11,522,852
9,10	1,364,308	353,711	329,721			683,432	$4,042,635
11	607,500	175,437	321,843			497,280	$4,700,140
12	296,682	125,389	141,935			267,324	$532,068
Europe	213,925	56,880	55,791			112,671	$381,457
Totals	**$11,928,600**	**$3,229,960**	**$3,390,671**	**$0**	**$0**	**$6,620,631**	**$36,955,775**

DoD Med/Surg Prime Vendor Consumption



MTF Compliance

- **Regional Incentive Agreements (RIA) are Informal Pricing Agreements Based on "Committed Volume" Purchasing and are Normally Signed By the Regional Logistics Chief**
- **An 80% Commitment is Routine and can Either Apply to an Entire Region or to Each Individual MTF**
- **RIAs from all Regions are Available at DMMonline-**
  - **https://dmmonline.dscp.dla.mil/standardization/default.asp**
  - **Access to RIA and other Restricted Data Requires Registration**
- **MTF Compliance Reports are Calculated Quarterly and Based on Prime Vendor Purchases Only**

MTF Compliance

- **TRBO Should Provide Compliance Reports to each MTF in Region**
- **Under New Revised Financing Rules, Supply Cost Savings is a Big Target – 40% of Total Budget**
- **Standardization Program is Critical for Showing Strong Savings to MTF CC**

VA Partnerships

- **Partnerships Typically Include Multiple Regions and All 163 VA Hospitals**
- **Vital Signs Monitors – BPA Awarded Oct 03; Savings to Exceed $1M Over 5 Years**
- **OR Instrumentation – Award Pending; Savings to be Projected Based on Awarded Price**
- **Prosthetic and Implant Contract Efforts are In-Progress that Include DoD Activities as “Optional Users”**

Summary

- **DoD has Enjoyed Significant Cost Avoidance Savings and Prime Vendor Business Process Improvements**
- **Substantial Opportunities for Additional Savings Still Remain**
- **Partnering With the VA is Smart Business and Represents Significant Potential Savings to DoD**
- **Our Success in the Standardization and Prime Vendor Programs is a Direct Result of the Work and Support of Each Individual MTF**

Questions?